



SUCCESSFUL FINANCIAL MANAGEMENT FOR SMEs

PILOT LESSONS

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FINANCIAL SECTOR PROGRAM

**SUCCESSFUL FINANCIAL MANAGEMENT FOR SMES
PILOT LESSONS**

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ACRONYMS

BDSP	Business Development Service Providers
FSP	Financial Sector Program
MFI	Micro Finance Institution
NQF	National Qualification Framework
SARB	South African Reserve Bank
SME	Small and Medium Enterprise
SETA	Sector Education and Training Authority
U.S.	United States
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

This report documents the pilot implementation of a training program, “Successful Financial Management for SMEs”, developed on behalf of Blue Financial Services, one of FSP’s SME financing partners.

As part of USAID’s Financial Sector Program (FSP’s) aim to improve the quality of BDS related to finance, this course was designed to improve the bankability of SMEs wanting to borrow from Blue, and to mitigate the risk of lending to SMEs by ensuring that applicants for SME finance – whether to Blue or other financial institutions - are able to apply basic financial management of a business. This is to assure the financier that borrowers possess a basic level of sound money management before receiving a loan, and borrowers are equipped to manage loans in a way which will not only help them to grow their business but also to make them eligible for additional financial assistance should they need it.

The pilot consisted of testing all aspects of the training program including the efficacy and feasibility of online registration, requiring participants to produce complete “portfolios of evidence” in order to comply with the National Qualifications Framework, self-study methodology as well as class room based training, and the use of various elements of training such as exercises, a case study, exam and assignment based on the SME owner’s business.

The pilot was conducted with eleven SME participants referred by ABSA bank, one of South Africa’s top commercial banks and two facilitators/observers from Blue.

Overall, SME participants found the course to be excellent, although they are not likely to work on their own and are not necessarily interested in NQF accreditation. Ten out of the eleven participants attended both days of training, and more than 20% returned to complete the exam a month later, however, none of them completed the work required to produce a portfolio of evidence necessary for accreditation. In addition to this, not all the material was completed during the class based training.

Lessons learned from the pilot suggest that there need to be clear criteria for selection of participants to ensure that they gain maximum benefit from the training and are able to complete the material in the time allocated. The alternative is to restructure the course to reduce the amount of time and/or requirements for self-study so that more time is spent in the classroom. Participants could also be offered the choice of acquiring a certificate of attendance (for completing the class-based training) in the event that they do not wish to fulfill the added tasks required for accreditation.

Based on feedback from the participants, face to face training is preferred to self-study and/or online training. For the program to offer maximum benefit to learners, it should therefore be restructured in the way that it is offered, although the materials themselves are adequate and as such, should go to print.

The course has been developed for SMEs who have, and are able to interpret, basic financial statements. Selection criteria therefore need to reflect this clearly.

SECTION 1: BACKGROUND

The Financial Sector Program (FSP) supports the accomplishment of the U.S. Government's Economic Growth Objective in South Africa. This task order is one of three main vehicles to promote vibrant growth of historically disadvantaged small and medium businesses (SMEs) and reduce unemployment and poverty. The objectives of this program are to expand access to financial services and lower financing cost for small and medium enterprises (SMEs) through reforming the legal and regulatory framework affecting the financial sector and business environment and improving the commercial viability of lending to historically disadvantaged SMEs in South Africa, thereby expanding SME access to a range of high quality and affordable financial services. Activities under FSP will focus on improving and expanding financial services and products; managing and mitigating financial risk and transaction costs; improving bankability of SMEs and business services by linking financial services with business service activities that can build SME capacity, productivity and competitiveness, as well as improve the capacity of financial advisory services to serve SMEs; support the emergence of an efficient credit industry regulator that promotes an enabling environment for financial intermediation and risk management, and boosts the private sector's role and participation in the provision of financial services to SMEs; promote reforms to commercial laws, regulations, and administrative practices affecting the private sector and SME development; and improve knowledge management through an accessible repository of knowledge about SMEs and finance in South Africa.

Under the component of improving the quality of BDS related to Finance, FSP has assisted Blue Financial Services by developing a short course in Successful Financial Management for its clients and potential clients who are formal sector SME owner/managers.

Blue is a leading micro-finance institution (MFI) operating in 14 African countries. Blue offers ethical and innovative financial services to formally employed, but under banked and underserved employees as well as providing expansion capital needs to businesses. Blue Financial Services was founded in 2001 and has grown into the largest micro-lender in Africa. While its primary business clients have been micro entrepreneurs, Blue began making loans to the larger small and medium enterprises (SMEs) in April 2008. It is their corporate mission to continue to expand the penetration into the business market by developing new products as well as support business development opportunities for SMEs.

Blue, in its interest to mitigate the risk of taking on new borrowers, links their access to finance with training and mentorship services.

At this juncture, Blue has identified the need to expand their training program, in particular, by addressing the need for Blue's SME applicants to apply basic financial management of a business, so that Blue is assured that borrowers possess a basic level of sound money management before receiving a loan, and borrowers are equipped to manage loans in a way which will not only help them to grow their business but also to make them eligible for additional financial assistance should they need it.

It was agreed that the program should be aligned with South Africa's National Qualifications Framework (NQF) and so was designed to offer credits against unit standard, ID 263455, "Apply the principles of costing and pricing". This standard consists of 6 credits at NQF level 4 (equivalent to one year post final secondary school qualification) and equates to 64 hours of learner engagement.

To fulfill these requirements, the course was structured in the following way:

Content	Approach	Number of hours
Chapters 1 to 3 of the Learner Manual	Self-study	8
Chapters 4 to 9 of the Learner Manual	Classroom training	16
Revise Chapters 2 to 9	Self-study	8
Case study	Self-study	8
Assignment	Self-study	20
Preparation of a portfolio of evidence	Self-study	3
Exam	Classroom	1
		64 hours

Annex 1 provides a list of the chapter contents. In an assignment prior to this, the following materials were developed:

i. For the Learner:

- a. Learner manual
- b. Learner workbook¹
- c. Pre-and post- course assessment
- d. Course evaluation

ii. For the Facilitator:

- a. Facilitator guidelines
- b. Facilitator presentation

iii. An Assessor pack and a Moderator pack for the Assessor and Moderator respectively.

The purpose of this assignment was the pilot implementation of the "Successful Financial Management for SMEs" training materials, to ensure their appropriateness for SMEs and whether the content, approach (or methodology) and structure of the program is best given this target group.

Several lessons were learnt during the pilot and are documented here to explain why certain changes to the course are recommended. These lessons informed the finalization of the course materials which have been submitted in conjunction with this report.

¹ Containing exercises, case study, assignment, exam preparation and instructions on how to prepare a portfolio of evidence

SECTION 2: OVERVIEW OF ACTIVITIES

The pilot consisted of testing the full training program of “Successful Financial Management for SMEs”. The elements of the program to be tested included:

- Online registration of participants
- Preparatory work by the learner, based on the first 3 chapters of the learner manual being emailed in advance to participants
- Use of a short test circulated in advance of training to give the facilitator an indication of learner competence prior to training
- Two days of classroom-based training
- Preparation of a portfolio of evidence by participants including, for example, submission by email of the case study and assignment
- Conclusion of the course consisting of a classroom based exam
- Level of support required for the program in terms of administration, assessment and moderation.

Thirteen participants were registered for the pilot including 11 SMEs and 2 facilitators / observers.

The SMEs who participated in the program were invited by ABSA, one of South Africa’s top commercial banks.

Participants were emailed the following documents prior to the training:

- Letter of invitation to attend the training
- Registration form
- Pre-training test (with a view to give the trainer an idea of participants competence level before the course)
- An extract of chapters 1 to 3 of the Learner Manual, with the instruction to read the contents and prepare the exercises contained in the document.

The pilot training was delivered at the ABSA Enterprise Development Centre, Fox Street, Johannesburg on 15 and 16 September 2010.

The following materials were covered during the two training days:

Day 1	Introduction and Welcome Pre-training test Chapter 1: Training objectives, training approach, competence and entry level requirements Chapter 2: The trading cycle Chapter 3: What types of costs does your business have?
Day 2	Chapter 4: How do you determine profit? Chapter 5: How much profit should you aim for? Chapter 6: What should you achieve to realize the profit? Post-training test Overview of post-training assignments, -assessment procedures and the portfolio of evidence

Participants were given 5-weeks to compile the portfolio of evidence before returning to the post-training work session, which was scheduled for 22 October 2010. During the work session participants were required to:

- submit their portfolios of evidence for assessment against the applicable unit standard;
- do the 1-hour theoretical exam, which is a learning assessment of participants' comprehension of the learning materials, and required for assessment against the unit standard; and
- participate in a focus group discussion on their experience of the pilot training intervention.

A total of 3 participants attended the post-training work session and completed the examination, which exceeds this trainer's general experience of a 20% completion rate. The results of the examination are reflected in Annexure 3.

In spite of several reminders to participants, none of them have submitted their portfolios of evidence, which contains, amongst others, the assignment and case study, for assessment.

SECTION 3: RESULTS

Registration

A total of 11 participants registered for training, although only ten attended both days of training. The profile of the training group and their businesses is reflected below:

Population mix	Black	82 %
	Colored	18 %
	Indian	0 %
	White	0 %
Age profile	Below 20	0 %
	20 to 30	18 %
	30 to 40	64 %
	Older than 40	18 %
Economic sector	Manufacturing	55 %
	Services	27 %
	Trade	0 %
	Construction	9 %
	Arts and crafts	9 %
ABSA loanee	Yes	45 %
	No	55 %
Age of the business	Less than 1 year	20 %
	1 to 2 years	20 %
	2 to 3 years	30 %
	More than 3 years	30 %
Employees	1	13 %
	2 to 5	50 %
	6 to 10	25 %
	More than 10	12 %
Average monthly turnover²	Less than R 25 000	0 %
	R 25 000 to R 50 000	67 %
	More than R 50 000	33 %

See Annexure 2 for an overview of the attendance.

Training delivery

Only the first six chapters of the training materials could be covered during the two days of training, primarily due to the following reasons:

- Participants were requested prior to the commencement of the training to prepare themselves by reading the chapters 1 to 3 of the training manual that was sent to them and to do the exercises. However, none of the participants did the pre-course work. Consequently, a significant portion of the training time had to be spent clarifying the contents of these introductory chapters.
- There was too much material to cover during the 2-day period including theory and exercises
- The participant group was not homogeneous in respect of both financial literacy (some could interpret basic financial statements whilst others not) and SME experience (some were experienced SMEs whilst others were in the start-up phase).

Despite having to slow down the tempo of the training, the experiential learning methodology was effectively applied during the training, as the more experienced participants shared significant knowledge and experience with the lesser experienced.

² Only 6 participants reported their average monthly turnover

Assessment

In addition to exercises implemented during the course and post-course assignments, specific assessment of the value of the course and whether participants had learned anything was tested using a course evaluation questionnaire - administered during the second training day, and a post course (knowledge) assessment or test, administered at the end of the training.

The outcome of the course evaluation is reflected in Annexure 4 and reflects an overall positive response (92 % of the participants reflected an excellent overall impression of the course). The most favorable response was in respect of the:

- quality of the course manuals and handouts (92 % reported excellent);
- quality of the lecturer (83 % reported excellent);
- quality of the course content (75 % reported excellent); and
- Sixty-seven per cent (67%) of participants felt that the course had excellent practical value and application to their businesses respectively.

Knowledge gained during the training, reflected by a comparison of the pre- and post-test results (see Annexure 3) suggests a different finding however, which is more likely to be a reflection of the assessment tool rather than of the training per se. Four participants demonstrated an increase in test results, with an average increase of 37,5%. Six participants had lower scores in their post-course test than in their pre-test result with an average drop of 10%. While this suggests that their comprehension of the material had not increased, it is more likely that the tool itself is not an appropriate mechanism to gauge whether participants have benefitted from the course; it could be that participants guessed the answers in the pre-test or were stressed or less confident about what they had learned during the post-test.

Not one of the participants submitted the post-training assignments, which include the case study and a practical assignment based on the actual financial information of each participant's business, suggesting that an alignment with NQF standards may not be a driver for SMEs.

Only 3 participants attended the post-training work session, during which the exam was administered. The outcome of the exam (average mark of 68 %) confirms comprehension of the learning materials.

SECTION 4: LESSONS LEARNED

Registration

The following issues were identified during the pilot training experience, in respect of training administration:

- The initial notice period to participants of the training of less than two weeks was too short. At least a 4-week notice period should be given in order for participants to schedule the training dates and re-arrange their business commitments.
- The pilot training was offered to participants for free. However, there is a general tendency not to value “for free” things and to consider “for free” things as of inferior quality. Whilst these sentiments were contradicted during the focus group discussion with the participants and by the course evaluation, it could have contributed to the low turn-out.
- Approximately one third of the participants have direct access to internet / e-mail / fax facilities. The balance has access only via third parties, e.g. by visiting an internet café or through friends. The low proportion of SMEs having direct e-mail access compromised the registration process, as it was found that email could not be relied upon either to solicit a response to the training invitation, or for participants to receive the material for training preparation.

Selection of participants

The following issues, in respect of the selection of participants, were identified during the pilot training:

- There was no selection process as such. ABSA identified SME clients who bank with them and invited them to the training program. The profile of the group of participants was, therefore not aligned with the entry level requirements proposed for the training intervention. The entry level requirements specify that learners participating in the training program:
 - are SME owner-managers;
 - are competent in mathematical literacy at NQF level 3;
 - are competent in interpreting basic (SME) financial statements;
 - will have with them during the classroom training period a set of financial statements of their own businesses; and
 - have formal arrangements with professional accountants for providing book-keeping services and providing the owner-managers with monthly management statements and annual financial statements
- The participant group was heterogeneous in respect of both the level of financial literacy and SME experience. The inclusion of both experienced and start-up SMEs compromised the learning pace.
- The level of the training materials and –intervention was pitched too high for a significant proportion of the participants as the identification / selection of participants was not aligned with the entry level requirements of the training intervention especially the requirement of SMEs keeping financial records.

- The pre-training test was only administered at the start of the first classroom training day. The purpose of the test was to establish the financial skills level of the participants. However, administering the test only during the first training day partly compromised its purpose as the only adaptation the trainer could then do was to adapt the training delivery to the group profile. Should the pre-training test been administered prior to candidate registration, it could have also been used as a selection instrument by redirecting candidates with insufficient financial skills to other more appropriate training programs.
- The training intervention would have been more beneficial to a significant proportion of the participants (especially those SMEs who do not have financial records), if they first could have been exposed to basic financial management concepts such as:
 - The different cost types, including fixed and variable costs;
 - Profit calculation, including Mark-up, Gross profit, Net profit and Break-even;
 - The structure and interpretation of basic Financial statements; and
 - Cash flow planning and management.

Pre-training course work

The following issues, in respect of pre-training course work, were identified during the pilot training experience:

- Not one of the participants did the pre-training course work, which was requested. This could be attributed to the short notice period, receipt of the training materials only days before the training dates due to logistical challenges in disseminating the materials (i.e. many of the participants did not have regular access to the internet) and busy work schedules as owner-managers of their own businesses; and
- Only a small proportion of the participants were able to interpret financial statements. This inability could have compromised their motivation to do the required pre-training exercises.

Training materials

Participants reflected their general satisfaction with the quality of the training materials and that the level of the course (e.g. language, exercises, complexity of concepts) is appropriate.

Key financial concepts were not highlighted in the training materials, and therefore, could not easily be located by participants in the training manual. The key financial concepts are now highlighted in the revised training manual.

The development of the training materials was informed by the following client profile, which was obtained through discussion with staff members of Blue Financial Services during the previous assignment:

- up to 60 % of the SME client businesses are franchises;
- most of the client businesses are retail trading and services;

- key reasons for SME businesses in distress are:
 - insufficient financial skills;
 - inability to understand the business model;
 - “remote control” running of the businesses;
- the financial skills level of many SMEs is below average. This was found to be particularly true in the case of Blue’s clients. However, a significant proportion of the SMEs have been in business before borrowing from Blue; and
- most of the businesses have their books done by accountants.

Whilst the training materials were primarily developed for traders, as Blue’s client profile reflects mostly retail traders such as franchisees, the majority of SMEs who participated in the pilot training were manufacturers (refer to the profile of participants given above). Therefore, the strategic fit between the economic sectors in which most of the participants operate (manufacturing) and for which the training materials were developed (trading) was compromised. The SMEs were mostly manufacturers and would not have related to the training materials as well as SME traders would have e.g. the concept of stock turnover speed is more relevant to a trader and less relevant to a manufacturer.

The pilot training informed changes to the training materials at the following three levels (refer to Annexure 5):

- General editorial changes;
- Redrafting of a selection of paragraphs in chapter 1 with a view to reflect the lessons learnt; and
- Adding clarifications to the model answers of some of the exercises.

Training approach

The experiential learning methodology proved to work well with the target group as the methodology succeeded in transferring knowledge and skills from more experienced participants to less experienced participants during the group discussion and exercises.

The time frame of 2 days is too short. The general reaction from the participants was that the training materials that were covered during the pilot training (chapters 2 to 6) require a 3-day intervention. A significant portion of the training materials (chapters 7 to 9) could not be dealt with as planned as the participants had not done the pre-course work (chapters 1 to 3).

Consequently, a significant portion of the training time during day-1 had to be spent clarifying the contents of these introductory chapters, which was not planned for. This was further complicated by the heterogeneous nature of the group in respect of their financial skills level and SME experience, which slowed down the training tempo.

Post-training assignments and assessment

The time frame for the exam of 1 hour proved sufficient.

The following issues, in respect of the post-training work and assessment, were identified during the pilot training experience:

- Only three participants participated in the post-training work session. The low turn-out could be attributed to the general negative perception amongst adults of writing an examination. Reasons quoted by some of the participants for not turning up for the post-training work session include:
 - other business appointments;
 - participating in a 3 day business convention;
 - moving house; and
 - the exam date was changed from the original one.
- The questions in the exam that require filling in of missing words were experienced as too complex and require re-wording.
- None of the participants submitted their portfolios of evidence (which includes the practical assignment and case study) for assessment. However, experience indicates that SME participation of less than 20 % in post-training assessment is not unusual.

The use of the pre and post course test does not appear to be a reliable form of assessment and should be reviewed, either in their form or in the way that they are used. For example, participants could be encouraged not to guess answers during the pre-test, although this is not a fail-proof way of assessing how much they know. As the course is currently structured, there are sufficient mechanisms in place for assessing learning which exclude the pre- and post-test, however, participation in these would have to be mandatory should course conveners want to gauge the degree of learning accomplished.

Based on the lessons learned, modifications were made to the training materials and the course restructured as follows:

Content	Approach	Number of hours
Chapter 1 to 3 of the Learner Manual	Self-study	8
Chapter 4 to 9	Classroom training	24
Revise Chapter 2 to 9	Self-study	8
Case study and Assignment	Self-study	12
	Classroom work session	8
Learners who opt not to do the Unit Standard assessment		60 hours
Preparation of a portfolio of evidence	Self-study	3
Exam	Classroom	1
Learners who opt to do the Unit Standard assessment		64 hours

SECTION 5: RECOMMENDATIONS

Registration

In respect of training administration, it is recommended that:

- The notice period to potential candidates for training is at least a month, with weekly follow-up reminders.
- Participants pay a market related fee for training, which, in the case of Blue clients could be capitalized to their loan accounts.
- Virtual books must be considered only as an optional training medium as only few SMEs have direct access to a computer / the internet.
- The training material should be packaged and delivered via face to face training in print format.

Selection of participants

In respect of the selection of participants, it is recommended that:

- The pre-training test is administered prior to registering participants, with a view to utilizing the test as a selection instrument. Based on the outcome of the pre-training test, participants with insufficient financial experience could then be re-directed to other training opportunities.
- Learners be selected who have the ability to interpret basic financial statements and are able to bring their own business's financial statements to the training.
- Where learners lack the basic financial literacy assumed for this course, it is recommended that a 1-day training program on "understanding SME financial statements" be developed and offered to those participants as a pre-condition for attending the "successful financial management for SMEs" training course.

Training materials

In respect of the training materials, it is recommended that:

- Key financial concepts in the training materials are highlighted.
- The training materials, which were developed for SME traders and SMEs operating in the services sector as the target group, be adapted and offered as a course for SME manufacturers.
- Participants who have access to a computer and the internet be afforded the option of doing the training course on a virtual book basis.

Training delivery

In respect of the training delivery, it is recommended that the time frame of the training is adapted as follows:

- For inexperienced / start-up SMEs 5 days; and

- For experienced SMEs 4 days

See Annexure 6 for a detailed break-down of the recommended training time-frame.

Post-training assignments and -assessment

In respect of the post-training assignments and assessment, it is recommended that:

- Participation in post-training assessment procedures (writing an exam and unit standard assessment) is made optional. Participants who opt *not to be* assessed in terms of the unit standard could be awarded a certificate of attendance, whilst participants who are assessed as competent in terms of the unit standard (based on their completing of the case study, assignment and exam in addition to participation in the classroom training) be awarded the competence certificate by SETA.
- Participants who have internet access be afforded the option of doing the exam on an on-line basis.
- A mechanism in addition to the optional post-training assessment exam, assignment and case study be explored for assessing skills and knowledge acquired from the course.

SECTION 6: ANNEXES

ANNEXURE 1: SUMMARY OF CONTENT OF “SUCCESSFUL FINANCIAL MANAGEMENT FOR SMES”

Chapter	Heading
1	Introduction
2	The trading cycle (the flow of money in your business)
3	What types of costs does your business have?
4	How do you determine profit?
5	How much profit should you aim for?
6	What should you achieve to realize the profit?
7	How much cash will flow through my business?
8	How much cash will you need?
9	How will you know that cash is flowing according to plan?

ANNEXURE 2: PARTICIPANT ATTENDANCE

	15/9/2010	16/9/2010	22/10/2010	SECTOR
Ndanganeni Rieneth Madau	Yes	Yes	Yes	Agriculture processing
Tebogo David Mahlangu	Yes	Yes	-	Construction
Jimmy Njabulo Notuku	Yes	Yes	-	Arts & Crafts
Tabassum Shaikh	Yes	Yes	-	Dress making
Elias Mudhaburi Mlambo	Yes	Yes	-	Manufacturing
Serofo Ramotlou	Yes	Yes	-	Engineering
Jerome Deon Whitten	Yes	Yes	Yes	Business advising
Christopher Alberts	Yes	Yes	-	Technical training
Thabo Kheswa	Yes	Yes	Yes	Confectionary
Xolani Sipamla	Yes	Yes	-	Printing
Kgomotso Mpete	Yes	-	-	Food processing
TOTAL	11	10	3	

ANNEXURE 3: OUTCOME OF THE PRE- AND POST COURSE TEST AND THE POST-COURSE EXAM

	Pre-Test 15/9/2010	Post-Test 16/9/2010	Difference in pre- and post test results	EXAM 22/10/2010
Ndanganeni Rieneth Madau	43 %	93 %	+ 50 %	69 %
Tebogo David Mahlangu	32 %	46 %	+ 14 %	-
Jimmy Njabulo Notuku	75 %	68 %	- 7 %	-
Tabassum Shaikh	0 %	54 %	+ 54 %	-
Elias Mudhaburi Mlambo	50 %	43 %	- 7 %	-
Serofo Ramotlou	61 %	57 %	- 4 %	-
Jerome Deon Whitten	75 %	71 %	- 4 %	81 %
Christopher Alberts	71 %	50 %	-21 %	-
Thabo Kheswa	61 %	54 %	- 7 %	53 %
Xolani Sipamla	29 %	61 %	+ 32 %	-
Kgomotso Mpete	-	-	-	-
AVERAGE	50 %	60 %	+ 10 %	68 %

Average increase = +37, 5%

Average decrease = -10%

ANNEXURE 4: OUTCOME OF THE COURSE EVALUATION

	Excellent	Good	Average	Poor	Very Poor
Overall impression	92 %	8 %			
Quality of course manuals and handouts	92 %		8 %		
Quality of lecturer	83 %	17 %			
Quality of course content	75 %	25 %			
Practical value or application to the SME or the SME's business	67 %	25 %	8 %		
Venue	67 %	17 %	17 %		

ANNEXURE 5: CHANGES TO THE TRAINING MATERIALS

DOCUMENT	REFERENCE
Learner Manual	Cover page: Change the word “Learners” to “Learner”
	Cover page: The following wording is to be inserted at the bottom of the page “First Edition November 2010”
	Page 3: Include the following paragraph “In addition to this, the program has been developed to enable Blue to offer the training more widely to the SME sector and in particular, through other FI’s seeking to mitigate the risk of lending to SMEs”
	Page 8: Change the word “phases” to “sections”
	Page 9: End the first sentence with the following words “or prepare themselves”
	Page 9: Redraft paragraph 1.2.2. to reflect an option of not being assessed in terms of the unit standard
	Page 10: Redraft paragraph 1.3 to reflect an option of not being assessed in terms of the unit standard
	Page 11: Expand paragraph 1.5 to include experience in interpreting financial statements as a requirement
	Page 11: Redraft paragraph 1.6. to reflect an option of not being assessed in terms of the unit standard
	Page 14: swap around the first and second questions and also the third and fourth questions
	Page 16: change the July Closing Bank Balance from R 53 500 to R 52 500
	Page 23: swap around the model answers to the first and second questions and also the third and fourth questions of paragraph 2.3 on page 14
	Page 56: change the Debtors’ payment days for June from 15 days to 35 days
	Page 57: change the Creditors’ payment days for June from 15 days to 26 days
	Page 68: change the following wording: <ul style="list-style-type: none"> • Average Mark-up % targeted at 50 % (instead of 33,3 %) • Average Gross Profit % targeted at 33,3 % (instead of 50 %)
	Page 71: Guideline answers required additional clarification on how the calculations were made
Facilitator’s Manual	Slide 88: change the word “Break-even” to “Margin of Safety” Training Work Book: change the reference to the Services SETA instead of the Bank SETA
	New slide: Include a new slide on the time frame for the training
Exam	Question 5: Start the question with the following words “When the trading cycle decelerates,”
	Reword the questions that require filling in of missing words

DOCUMENT	REFERENCE
Model answers and marking guide to the Exam	<p>Question 15: The cost-based pricing strategies are</p> <ul style="list-style-type: none"> • a. Double-up pricing • b. Target return pricing • e. Mark-up pricing <p>Cost-based (and not market-based) strategies include:</p>
Learner Workbook	Cover page: Ensure USAID branding on the learner workbook
	Change the word “Learners” to “Learner”
	Page 8: Change the first sentence to read “...resources required for training...” instead of “...additional / supporting resources...”
	Page 19: Change the word “course” in the second row to “class”
	Page 22: Change the first word to read “class” instead of “course”

ANNEXURE 6: RECOMMENDED TRAINING TIME-FRAME

Inexperienced / start-up SMEs and those SMEs who cannot interpret financial statements		Experienced SMEs who can interpret financial statements	
Hours	ACTIVITY		Hours
8	Classroom training on “understanding SME financial statements”	-	
8	Self study: Chapter 1 to 3 of the Learner Manual		8
8	First classroom training day of “Successful financial management for SMEs”		8
8	Second classroom training day of “Successful financial management for SMEs”		8
8	Third classroom training day of “Successful financial management for SMEs”		8
8	Self study: Revise chapters 2 to 9 of the Learner Manual		8
12	Self study: Case study and Assignment		12
8	Classroom work session during which SMEs finalize their assignments and the case study, with direct access to a trainer		8
68	TOTAL TRAINING HOURS FOR LEARNERS WHO DO NOT DO THE UNIT STANDARD ASSESSMENT		60
3	Self study: Preparation of a Portfolio of Evidence		3
1	Classroom: Exam		1
72	TOTAL TRAINING HOURS FOR LEARNERS WHO DO THE UNIT STANDARD ASSESSMENT		64